

The Honorable Sander M. Levin, Ranking Member

The Honorable Pete Stark, Ranking Member, Subcommittee on Health

FOR IMMEDIATE RELEASE

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BLEAK DIAGNOSIS FOR AMERICA'S PHYSICIANS AND MEDICARE PATIENTS UNDER THE REPUBLICAN BUDGET

WASHINGTON, DC — Contrary to its claim, the Republican budget fails to address the perennial cycle of payment cuts facing Medicare physicians and beneficiaries at the end of every year. At the end of 2011, payments to physicians in Medicare will be cut by 29.5 percent for 2012 and the reductions will continue for years thereafter. This will jeopardize access to doctors for seniors, people with disabilities, and military families (whose health insurance through TRICARE relies on Medicare's payment rates for physicians).

"Republicans continue to say one thing and do just the opposite with this reckless budget," said Rep. Sander Levin, Ranking Member of the Ways and Means Committee. "They say they will fix the impending physician payment cut, but instead make absolutely no change. They say they'll save Medicare, but instead end it in favor of a voucher system that raises health costs for seniors."

"The Republican budget is completely reckless in its treatment of Medicare and Medicaid," said Rep. Henry A. Waxman, Ranking Member of the Energy and Commerce Committee. "One of its less-noticed failures is in refusing to address the physician payment problem in Medicare before turning the entire program over to costly private plans."

"The House Republican budget takes care of doctors the same way it takes care of senior

citizens, people with disabilities and low-income women and children -- it doesn't. Their doublespeak in this budget would make George Orwell proud," said Rep. Pete Stark, Ranking Member of the Ways and Means Subcommittee on Health. "As CBO confirms in their analysis, the House Republican budget claims to 'fix' the Medicare doctor payment problem for 10 years, but provides no funds to do so."

"It's bad enough that the Republican Medicare plan eliminates guaranteed care and converts it into a voucher program, it also fails to address the ongoing and serious problem of shortchanging payments to doctors," said Rep. Frank D. Pallone, Jr., Ranking Member of the Energy and Commerce Subcommittee on Health. "Fair compensation should be a key part of a Medicare program that treats and cares for millions of seniors. The only conclusion I can come to is that the Republicans are intent on ending Medicare as we know it."

Summary of Republican Budget's SGR Policy

The Republican budget does not address the physician payment crisis in Medicare, despite its claims to the contrary. A 10-year fix for the Medicare physician payment formula costs \$300 billion, a cost that is included in the President's budget, with offsets specified for the first two years. Yet nowhere in the proposed GOP budget do Republicans explain how they would get \$300 billion to fix the SGR for 2012-2021. The Republican budget simply establishes a deficit neutral reserve fund, which means that it has to be fully paid for with yet-unidentified cuts (most likely from Medicare). But Rep. Ryan's summary of the budget says that it will:

"Fix the Medicare physician payment formula for the next ten years so that Medicare beneficiaries continue to have access to health care."

However, a recently released analysis of the Republican budget produced by the objective and nonpartisan CBO includes a hidden detail in footnote 7, which states:

"On the basis of the specifications provided by Chairman Ryan's staff, CBO's analysis included no change in the sustainable growth rate mechanism for payments to physicians under Medicare."

What does this smoke and mirrors trick mean? It means that Republicans either:

Are hiding approximately \$300 billion in cuts

OR

Have no true intention of addressing the SGR

And what happens after 2021, even if they pursue a proposal that is paid for with additional cuts? The CBO analysis makes clear that the Republican budget proposal has no SGR solution beyond 2021. In fact, as part of the under-funding scheme, the Republican Medicare vouchers are set at rates that assume no physician fix. The Republican budget claims to protect current Medicare beneficiaries from any disruption, but by ignoring the pending physician cut and

dramatically increasing out-of-pocket costs for Medicare beneficiaries, they will drive physicians out of the program and hinder access to care.

Democratic Support for Fixing the SGR

President Obama's budget identifies offsets to pay for the SGR fix for the next two years, and proposes to fix the problem indefinitely after that. Those costs are identified in CBO's re-estimate of the President's budget.

In November 2009, the House of Representatives, under Democratic control, passed H.R. 3961, a bill that would have addressed the problems with the SGR permanently. It is the only bill ever passed by either body of Congress that would have accomplished this oft-stated goal. In addition, the bill would have encouraged the formation of Accountable Care Organizations (ACOs) of physicians that would be rewarded for effectively managing their patients' care and costs over time.

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